

HB 1434

Bill Analysis

February 16, 1999

Brief Description: Allowing tax deductions for nonprofit convention and tourism promotion corporations.

Bill Sponsors: Representatives Dickerson and Van Luven.

Brief Summary of Bill

- Amounts received by nonprofit corporations as payments or contributions for the promotion of conventions and tourism are exempt from B&O tax, if these amounts are received from the state, counties, cities, towns, municipal corporations, port districts, or public corporations.

Staff: Linda Brooks, 786-7153.

Background:

Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on the gross receipts of business activities conducted within the state. Nonprofit corporations pay B&O tax unless specifically exempted by statute. Exemption from federal income tax does not automatically provide exemption from state taxes.

There are some B&O tax exemptions that benefit nonprofit corporations. For example, nonprofit corporations are exempt from paying B&O tax on amounts earned from fund-raising activities. Fund-raising activities involve the direct solicitation of money or other property or the anticipated exchange of goods or services for money for the purpose of furthering the goals of the nonprofit organization.

Amounts received by nonprofit corporations from governments as payments or contributions for the promotion of conventions and tourism are subject to B&O tax.

Summary of Bill:

Amounts received by nonprofit organizations as payments or contributions for the promotion of conventions and tourism are exempt from B&O tax, if these amounts are received from the state, counties, cities, towns, municipal corporations, quasi-municipal corporations, port districts, or public corporations.

A nonprofit corporation is a corporation not-for-profit organized under the provisions of the Washington Nonprofit Corporation Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which the bill is passed.